

### Special Report

## Quit Selling and Start Delivering What Your Customers Really Want

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A few weeks ago I was on-sight with one of my clients. He expressed to me his concern with one of his suppliers. It seems his manager had called this supplier on the telephone to place an order the previous Friday around 4:45 p.m. His manager was told that they were pretty busy and since it was already almost 5 p.m., he would have to call back the following Tuesday to place an order.

Do you believe it? The supplier was too busy to take an order and the manager was told to call back the following week. When I hear stories like this I nod my head and understand why some companies complain about the lack of business. They create their future sales void, by taking their good customers for granted.

When it comes to growing your bottom line, investing in sales training is one of the best ways to do it. Yet, as professor Daniel Carmichael illustrates with his “Leaky Barrel of Marketing” theory, you can acquire all the customers you want with great selling, but, if you can’t retain them, you are wasting your money. He uses the analogy that sales, and marketing is much like acquiring a large quantity of new customers and putting them into a large barrel. However, if you have holes in the sides of the barrel, the customers will pour out of the barrel holes almost as fast as they come in the top. His theory proves that you can invest heavily in marketing and sales but if you and your employees don’t do what it takes to retain your new customers, you are headed for huge business problems.

Like many large businesses, General Motors realizes this. It was recently reported in the Detroit News that GM said it gains about \$700 million in annual revenue for every 1% boost in its customer retention rate. The article went on to quote Mark Reuss, GM North America president: “Building loyalty amongst our existing

customer base is just as important and sometimes more important than luring new customers into our products.”

So, are sales important? Absolutely! It is an integral part of any successful business plan. However, even more important is doing what it takes to keep those valuable customers.

Research has shown that it costs 7 times more to attract a new customer than it is to retain a customer you have. Yet businesses will spend inordinate amounts on advertising and promotions that target potential new customers, and simply ignore the good customers they already have. This doesn’t make sense.

With my clients, I like to remind them that running a successful business is a lot like running a marathon race. If they approach the marathon as a fifty yard dash, they will run out of breath and energy shortly after starting the race. However if they plan to pace themselves over the entire 26 miles 385 yards of the marathon, they will be able to complete the race.

Companies that end up taking their clients for granted are not thinking about the long term effect of their business practices. This results in peaks of high volume of business and eventual extreme lows, or no business activity. These are the kinds of companies that complain about the “recession,” unfair competition from the internet, or a state governor who doesn’t know what he is doing. They do not realize, nor are willing to take any responsibility for, the very conundrum that they are experiencing.

A while back, I was in one of our local retail stores here in Canton, Michigan. I was looking for an item and wasn’t having any luck finding it. There were no clerks in sight, and I started to get a little frustrated. Finally, I saw a clerk heading towards the back of the store and I asked him for some assistance. His reply was, “I can’t help you. I’m going on my break.” What a

golden opportunity for this young man to do what he was getting paid to do; provide a little service and help customers buy something. Unfortunately, he did not see the connection between what was expected in order for him to receive a pay check. In essence, as business consultant Frank Cooper says, "The Customer Signs Your Paycheck".

Whose responsibility is it for making sure that the customer is highly valued? The answer is the owner, and his or her management team. The concept that everyone who is employed in the company is in sales and service, should be in the orientation manual, in the company newsletter, on each employees pay stub, and the focus of every meeting.

We must remember that the sole purpose of a business is to profitably attract, sell to, and retain the right kind of customers and clients. Any action by the owner, managers or employees, that does not support this ultimate purpose, takes away from it. If a company plans to stay in business and make a profit, it must keep the most important part of that formula for success; the customer or client.

The conundrum for many small and large companies is that they start out by making sure they take care of their customers, but, over time, they fail to continue this approach when they get "too" busy. Their customers and clients are taken for granted. Eventually these business owners quit running their company like a marathon and start running it like a fifty yard dash.

Over time, policies are created to protect the company, and many times, without intending to do so, penalize the customer. Customers realize a bad deal when they see or experience one, so they vote with their feet and cross the street and take their business to a competitor. Don't let this happen in your enterprise.

As a principal of your company, you must remember what business author Robert Ailes says: "you are the message." In other words everything you do, say or support in your company, communicates your business values. If these values do not harmonize with what the customer needs and wants then your company is headed for trouble, big trouble. It has been said many times, "as goes the leader, so goes the company." Your employees will follow your

lead. When you reinforce customer focused behaviors with praise and monetary rewards, you will get more of those behaviors. When you don't support customer focused behavior, you will not get less of them. The question is, how are you leading? Which values do you consistently reinforce? Why or Why not?

Small companies are in a better position to create value to their customers than their larger competitors. They have the opportunity to be more agile, more tuned into their customers' needs and wants. Small business owners can see opportunity where larger competitors will only see customers needs as an inconvenience. Small business will create the kind of personalized service that fixes people's problems, versus what larger companies do when they create policies that literally anger and upset potential lifetime customers, and that literally drive them away forever.

The message that must be constantly reinforced is that everyone is in sales and service. It is up to the leaders in the organization to constantly reward the actions of employees when they put the customer first. When they do, they will be protecting the most important investment; the people they are supposed to be serving.

So, in order to grow your business and become more profitable, stop selling to, and start taking care of, your customers. Together, with your employees, they truly are your most important asset.

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